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25 January 1971

MEMORANDUM FOR: Assistant Deputy Director for  
Intelligence

SUBJECT : CIA Relations with the President's  
Council on International Economic  
Policy

REFERENCE : Memorandum for the Secretary of  
State, et al, from the President,  
dated 19 January 1971

1. As directed, I have talked with "friendly"  
non-State contacts to shed light on the question -- how  
should we try to service the newly created Council on  
International Economic Policy?

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AS  
the situation develops, there may be procedural sug-  
gestions which would help CIA/OER material to be fed  
in at a level where it would be more effective.

2. Establishment of the Council. The establish-  
ment of the Council came from a recommendation made by  
the President's Advisory Council on Executive Organiza-  
tion, headed by Roy Ash, Chairman of Litton Industries.  
The Council's Executive Director, board chairman of  
Bell and Howell, reports into Washington about mid-  
February. We understand that most of the staff is to  
be supplied by moving present members of Kissinger's  
group which deal with international economic problems.  
This means Fred Bergsten and his associates, a group  
which will probably be too small to handle all problems.  
The referent Presidential memorandum (sent to eight  
recipients, but not to CIA) allows the Executive Director  
to, "call upon staff resources from throughout the  
Government." Mr. Peterson's views on the staff are  
unknown.

3. Organization of the Council. The Council will  
be two-tiered. At the top is the senior body, presided  
over by the President, and including the Secretaries of  
State, Treasury, Commerce and Labor, the Director of

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the Office of Management and Budget, the Chairman of the Council of Economic Advisers, Dr. Kissinger, Mr. Ehrlichman (Executive Director, Domestic Council), and the President's Special Representative for Trade Negotiations (Ambassador Gilbert). The Secretary of State will preside in the absence of the President. The second tier is an Operations Group -- unidentified as to membership but stated to be similar to the present Under Secretaries Group -- and replacing the work of that Group insofar as international economic policy is concerned. The State Department will permanently chair the Operations Group. Apparently, the Operations Group is largely to be a post-decision implementing body, rather than a part of the pre-decision structure.

4. Individual Agency Views. State is most pleased with the arrangements, which would give it a virtual "lock" on the new decision-making apparatus on international economic policy, as well as a majority of the staff. Commerce wants representation on the staff, and Hal Scott will be talking with Peter Peterson in Chicago later this month on the staffing problem. Scott feels that one of the key purposes of the Ash reform was to provide a means of getting business views into the key documents, and that the Council as now set up will not do this. Treasury is disappointed with the State domination and feels that the Ash group did not adequately coordinate its recommendations before submitting them to the President. Jim Schlesinger (OMB) believes that the Council should concentrate on broad issues, and that individual country economic problems should continue to funnel through the present NSC Kissinger mechanism. (Apparently, matters as basic as this remain to be resolved.) I have a feeling that Mr. Peterson will be told (by Scott and Schlesinger) that one of his problems is to provide a means for CIA economic research material to be fed in at a level where it will be most effective.

5. A Role for David Kennedy? One bureaucrat guesses that David Kennedy, former Secretary of the Treasury, may become Chairman of the Operations Group. Kennedy will be moving to State in February as Ambassador-at-Large. His tentative assignment is in the area of international monetary affairs and US relations with the EEC.

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6. I shall keep you advised, and if you have any suggestions, I shall be most pleased to follow them up.



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EDWARD L. ALLEN  
Director  
Economic Research

Attachments: (2)

1. Persons Contacted on Problem of  
Agency Relations with the  
Council on International  
Economic Policy
2. Referent Presidential Memorandum

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ATTACHMENT 1

Persons Contacted on Problem of Agency  
Relations with the  
Council on International Economic Policy

Amb. Carl J. Gilbert	Special Representative for Trade Negotiations, Executive Office of the President
Dr. James Schlesinger	Assistant Director Office of Management and Budget
Mr. Harold Scott	Director, Office of Interna- tional Commerce, Department of Commerce
Mr. Anthony Jurich	Special Assistant for National Security Affairs, Department of the Treasury

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